

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 828 - SB 826

March 21, 2017

SUMMARY OF BILL: Requires that any partial or full child support payment that is collected by the Department of Human Services (DHS) first be used to satisfy the obligor's child support obligation to the parent or guardian with custody of the child. Only after the amount owed to the parent or guardian has been satisfied shall DHS use any remaining funds from the payment to satisfy the obligor's debt to DHS or for the payment of fees associated with the collection of child support.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$206,100/One-Time
\$1,800,000/Recurring**

Other Fiscal Impact - The provisions of the bill conflict with federal laws governing the state's participation and operation of the Child Support Enforcement Program. The federal funding for this program of approximately \$42,200,000 will be in jeopardy in FY17-18 and subsequent years.

Assumptions:

- The federal government currently requires states to centralize the collection and disbursement of certain child support orders and requires a \$25 annual user fee on individuals utilizing the centralized system, unless such individuals have received assistance under the Temporary Assistance for Needy Families (TANF) program.
- The user fee is to be assessed after \$500 is collected in child support during a federal fiscal year.
- The proposed legislation would require DHS to cover the cost of the fee unless the non-custodial parent has paid all child support owed to date and paid the fee.
- In FY15-16, DHS collected \$1,800,000 of which 66 percent was required to be returned to the federal government.
- Under current practices, DHS retains 34 percent of the \$25 fee collected to maintain the child support program.
- The proposed legislation would no longer allow DHS to maintain the child support program by utilizing the \$25 fee that is currently recorded as service revenue.
- Recurring appropriations will be made to sustain the child support program.

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- The recurring increase in state expenditures for maintaining the child support program is estimated to be \$612,000 ($\$1,800,000 \times 34$ percent).
- A recurring increase in state expenditures estimated to be \$1,188,000 ($\$1,800,000 \times 66$ percent) to reimburse the federal government.
- The total recurring increase in state expenditures is estimated to be \$1,800,000 ($\$612,000 + \$1,188,000$).
- The proposed legislation would impact current fee collection processes and require modifications in the Tennessee Child Support Enforcement System.
- The one-time increase in state expenditures associated with system modifications per the relevant contract is estimated to be \$206,100.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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